

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
ASHEVILLE DIVISION

IN RE:)	Case No.: 10-10335
)	Chapter 11
FRENCH BROAD PLACE, LLC)	
Debtor.)	
_____)	

SECOND AMENDED
DISCLOSURE STATEMENT

On March 25th, 2010, French Broad Place, LLC (hereinafter referred to as "French Broad Place") filed a voluntary Chapter 11 petition. Notice and order for relief were filed by the Court on March 25th, 2010.

Pursuant to 11 USC Section 1125 of the Bankruptcy Code, French Broad Place has prepared and filed this disclosure statement for the Court's approval for submission to the holders of claims or interests with respect to French Broad Place and its assets.

The purpose of the disclosure statement is to provide the holders of claims against or interests in French Broad Place with adequate information about French Broad Place and the plan to make an informed judgment about the merits of approving the plan.

THE DEBTOR - HISTORY AND ORGANIZATION

French Broad Place was created on August 14th, 2006. Presently there are six (6) equal members of French Broad Place. Scott Latell and Joshua Burdette are the Managing Members of the company. The Owners have over \$4,500,000.00 of cash equity in the development to date. While the six owners have previously been active in real estate investments, development, construction, sales and leasing, as well as being involved in a variety of different businesses, French Broad Place was formed specifically for the development of the real estate community known as French Broad Place, LLC, a 48 unit mixed use project in downtown, Brevard, NC. French Broad Place has in the past had as many as twelve (12) employees. Presently, the Company has three employees.

In the years prior to the filing of the Petition, French Broad Place was an operating development company with 100% of its activities devoted to construction of the Brevard, NC property development which in November 2007, began selling inventory and leasing commercial space. With the downturn in the economy in 2009, construction funds were depleted before many of the pre-sold inventory could be finished and closed in accordance with the purchase and sale contracts. Subsequently, delays in the finish work and the construction lender's unwillingness to advance funds to assist with the finishing costs resulted in many purchasers abandoning their agreements, which led to the filing of the original Petition in the Spring of 2010.

Prior to the filing of the Petition, the owners of French Broad Place determined that it was in the best interest of French Broad Place as well as its creditors, that the financial structure of French Broad Place be augmented with a total refinance or Debtor in Possession (DIP) loan to complete the construction and close the salvaged sales agreements. French Broad Place attempted to refinance the entire capital structure, approaching more than two dozen lenders and investment bankers, and expending over \$60,000 in costs to do so. Certified appraisals obtained by third party lenders confirmed the 85% completion of the building and demonstrated substantial equity in the property that could support new financing. However, due to the stoppage of construction progress and the static position the construction lender held, new lenders were reluctant to further underwrite the loan applications. Thus, new total refinancing was no longer feasible. Just prior to filing the Chapter 11 petition, the owners selected a DIP lender to provide the necessary funds to complete the improvements of all of the common areas of the property, making the entire building functional and accessible to more potential purchasers, complete pre-sold units, finish a model unit for showings, complete a few spec units, and provide funds for advertising, marketing, loan costs and interest expenses. In addition, French Broad Place would streamline its operations by reducing its paid staff to three key owners/managers and one sales assistant. French Broad Place outsourced its accounting and financial reporting.

Subsequently, a qualified, 3rd Party DIP loan commitment was received and accepted by French Broad Place and a motion was filed for its acceptance and use of funds to the Court April 29th, 2010. Following the filing of this motion, the two existing secured lenders requested a series of meetings with French Broad Place and made a proposal to French Broad Place that they do the DIP loan in place of the 3rd party DIP Lender.

On August 6th, 2010 the Court approved the French Broad Place's Motion for Approval of the secured lenders' DIP loan with conditions, which have been met by all the parties.

On September 13th, 2010 the loan closed, with funding shortly thereafter.

The DIP loan provides for a maximum loan amount of \$2,961,431.00, for an initial loan term of thirteen months after the closing date (subject to a renewal for twelve months upon certain conditions, including meeting a sales quota of gross sales totaling \$7,400,000.00). A copy of the Term Sheet for the DIP loan is attached hereto. The proceeds of the loan are to be used only in accordance with the Construction and Funding Budget attached to the Term Sheet. The funds are to be held in the DIP Loan Deposit Account, and disbursed upon request by the lender. Upon the sale of units, twenty percent of the net sales proceeds will be held in a Build-out Reserve Account for use in construction of additional units (subject to the cap on the build-out reserve balance of \$500,000.00). Forty percent of the net sales proceeds will be paid to the DIP lender and forty percent of the net sales proceeds will be paid to Asheville Savings Bank. No portion of the net sales proceeds will be paid to French Broad Place for any purpose other than construction of residential units, until payment in full of the DIP loan, the Asheville Savings Bank debt, and the Metromont debt. The parties anticipate that the DIP loan funds will be sufficient to complete all common areas and six units.

Parties to the DIP loan also agree to the following:

- A. French Broad Realty, Inc., which is a separate organization from French Broad Place but is owned by principals of French Broad Place, is allowed a limited six months sales listing for all units with a 1.5% listing-side commission and an additional 3% commission to be paid to the procuring broker if other than French Broad Realty, Inc.
- B. French Broad Realty, Inc. will be allowed to draw up to \$11,500.00 per month for use as salary for its personnel, which may include members of French Broad Place, for a period of six months. French Broad Realty, Inc., is owned by Cobalt Solutions, LLC, which is owned by French Broad Place members Scott Latell, Mark Latell, Frank Latell, Ed Burdette and Josh Burdette, and financial advisor Lyle Preest.
- C. No new lease agreements will be permitted.
- D. French Broad Place shall submit a Disclosure Statement no later than August 31, 2010 (extended by agreement to August 19, 2010) and will make its best effort to have a Plan confirmed as soon as possible, but no later than April 30, 2011.

French Broad Place is of the opinion that restructuring of its capital requirements and operations will enable it to successfully operate and perform under the terms of its Chapter 11 Plan.

FINANCIAL INFORMATION

Attached to this Disclosure Statement is financial information relevant to French Broad Place. French Broad Place expects that as the construction completes, the economy improves, the opportunities for additional contracted, profitable sales will grow.

Attached is the following:

- 1. French Broad Place's tax return for year ending December 31, 2009 (which includes for operations prior to restructuring). There was no activity in the company for the first three months of 2010 except the depletion of the Asheville Savings Bank interest reserve account and Metromont Corporation's continued accrual of its interest on its second lien deed of trust up to the date of the Petition filing. There were no funds available to pay for financial reporting during this short term.
- 2. French broad Place's Balance Sheet as of December 31, 2009.
- 3. French Broad Place's projection of gross receipts for 2011.

CREDITOR CLAIMS

1. Administrative Claims:

Administrative claims are limited to professional fees for legal, accounting and management services. It is not anticipated that the unpaid balances will exceed a total of \$30,000.00.

2. Secured Claims:

- a. Metromont Corporation, (the DIP Lender) holds a first lien deed of trust on the assets of French Broad Place in the amount of \$2,961,431.00.
- b. Asheville Savings Bank, holds a second lien deed of trust on the assets of French Broad Place in the amount of \$8,620,618.94 (as of 4/16/2010).
- c. Metromont Corporation holds a third lien deed of trust on the assets of French Broad Place in the amount of \$2,765,234.64 (as of August 6th, 2010)
- d. Ed Burdette Construction, Inc. holds a Materialmans/Mechanics Lien in the amount of \$2,627,773.00. Ed Burdette is a principal in Ed Burdette Construction, Inc. And also a member of French Broad Place, LLC.

3. Priority Claims:

None

4. Unsecured Claims:

Scheduled unsecured claims total \$630,404.73.

5. Executory Contracts:

Seven individuals/entities hold contracts for the purchase of condominiums for which deposits have been accepted. Those parties are listed in Schedule G-Executory Contracts and Unexpired Leases, a copy of which is attached hereto. Existing leases with purchase options are as follows:

- a. Dugans Irish Restaurant and Pub (option price \$1,135,500.00)
- b. Elements Spa (option price \$700,404.00)
- c. Healthy Harvest (option price \$445,480.00)
- d. French Broad Café (option price \$426,465.00)

THE PLAN OF REORGANIZATION

The plan provides for creditors to be paid as follows:

DEFINITIONS: "Net Sales Proceeds" means the balance remaining from the sale of a unit after payment of reasonable and usual costs of sale and real estate commissions.

CLASS 1. ADMINISTRATIVE CLAIMS: The plan will first pay all administrative claims including court costs, unpaid quarterly fees, and professional fees, including accountants and attorneys and property operating expenses as approved by the Court for French Broad Place.

CLASS 2. SECURED CLAIM OF METROMONT CORPORATION - the DIP lender As provided in the First Agreed Order between French Broad Place and Metromont Corporation, filed August 6th, 2010, French Broad Place will pay 10% per annum accrued interest monthly (being paid from an existing escrow account controlled and disbursed by Metromont Corporation) and for a period of thirteen months, principal reduction will be paid periodically as future inventory sales close. Metromont Corporation will receive 40% of all future Net Sales Proceeds (NSP) to be applied to the principal loan balance outstanding.

CLASS 3. IMPAIRED SECURED CLAIM OF ASHEVILLE SAVINGS BANK will be paid interest monthly, as billed, from an existing escrow account, controlled and disbursed by the DIP lender on the original interest rate computations pursuant to the original Contract terms. Asheville Savings Bank will receive 40% of all future Net Sales Proceeds (NSP) applied to the principal loan balance outstanding, in accordance with the DIP loan documents executed 9/13/2010. Once the DIP loan is repaid 100%, then 100% of the future NSP, (subject to allowance for the Build Out Reserve as provided in the DIP loan) will be paid to Asheville Savings Bank as loan principal reduction until paid in full with interest at the contract rate.

CLASS 4. IMPAIRED SECURED CLAIM OF METROMONT COOPERATION will not be paid interest or principal during the DIP loan tenure. The 2nd deed of trust contract note will accrue interest at 5% from the date of the approved Plan of Reorganization. Once the DIP loan is repaid 100%, and Asheville Savings Bank is repaid 100%, then Metromont Corporation will receive monthly interest at 5% and 100% of future NSP until repaid 100%.

CLASS 5. IMPAIRED SECURED CLAIM OF ED BURDETTE CONSTRUCTION, INC., will be paid as a general unsecured claim, on a pro rata basis with other allowed unsecured claims. Ed Burdette Construction, Inc., will release its Materialmans/Mechanics Liens.

CLASS 6. PRIORITY PROPERTY TAX CLAIMS:

None

CLASS 7. IMPAIRED GENERAL UNSECURED CLAIMS will be paid in full over a period of three years. At closing of the DIP loan \$265,000.00 was authorized to pay to Critical

Contractors for a very minor partial repayment of their claims (approved by the court September 9th, 2020.) Thereafter, no payments will be made on these claims during the DIP loan term. After the DIP loan, Asheville Savings Bank and Metromont Corporation are repaid 100% of their respective loans, payments will be 50% of NSP on a pro rata basis until all unsecured claims have been paid 100%. No interest will be paid on unsecured claims. The balance of NSP will be retained by French Broad Place for use in operations and finishing construction.

CLASS 8. EXECUTORY CONTRACTS. Assumption or rejection of Executory Contracts for the purchase of condominiums will be dealt with individually. All existing leases with purchase options will be assumed. In the case of the rejection of an Executory Contract, any resulting claim will be treated and paid as a general unsecured claim.

REMEDY IN THE EVENT OF DEFAULT.

French Broad Place will be in default under the terms of this Plan if it defaults under any of the terms of the DIP loan, or upon closing of the sale of the unit fails to pay any creditor as provided in the Plan. In the event that payment is not made on any claim within thirty(30) days of the closing of the sale which resulted in the payment due to the creditor, the creditor may declare the obligation to be in default and proceed with its non bankruptcy remedies including execution on liens and security interests and collection of unsecured accounts. All secured creditors will retain their pre petition liens. French Broad Place will maintain full insurance coverage as long as claims remain unpaid.

LIQUIDATION ANALYSIS

If this were a Chapter 7 liquidation case, there would be no unencumbered assets to liquidate, and no payment to unsecured or priority creditors.

ALLOWANCE OF CLAIMS

Claims are to be paid as filed, or if unfiled as listed in the Schedule's, as amended. The Debtor/Debtor in Possession reserves the right to object to any claim subsequent to the confirmation of the Plan, but prior to the scheduled disbursements on the claim. In the even the claim is objected to by the debtor/Debtor in Possession, but subsequently, allowed by the Court, payment on the claim will commence as provided in the Plan beginning with the next scheduled disbursement date.

MANAGEMENT AND OWNERSHIP

French Broad Place is owned in equal shares by six (6) individuals: Mark Latell, Scott Latell, Frank Latell, Ed Burdette, Joshua Burdette and Scott Stafstrom. Management will be continued by Mark Latell, Scott Latell and Joshua Burdette and one assistant. The salaries for this personnel are \$11,500.00 per month funded from the DIP loan for a period of six months. From that point, these salaries are be funded out of sales commissions and overhead from sales activities throughout the completion of the Plan.

EFFECTIVE DATE OF THE PLAN

The effective date of the Plan is thirty (30) days from the date the Plan is confirmed by the Court but no later than April 30th, 2011.

THIS 14 day of January, 2011.

PITTS, HAY, & HUGENSCHMIDT, P.A.
Attorneys for the Debtor(s)

By: 

Edward C. Hay, Jr., NC Bar #7149
137 Biltmore Ave.
Asheville, NC 28801
(828) 255-8085

Form **1065**

Department of the Treasury
Internal Revenue Service

U.S. Return of Partnership Income
For calendar year 2009, or tax year beginning _____, 2009,
ending _____, 20 _____.
▶ See separate instructions.

OMB No. 1545-0099

2009

A Principal business activity	Use the IRS label. Otherwise, print or type.	Name of partnership	D Employer identification number
Building and construction		French Broad Place LLC	75-3220628
B Principal product or service		Number, street, and room or suite number. If a P.O. box, see the instructions.	E Date business started
Residential Real Estate		PO Box 1910	07/01/06
C Business code number		City or town State ZIP code	F Total assets (see instrs)
531310		Brevard NC 28712	\$ 17,897,261.

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return
(6) ☐ Technical termination - also check (1) or (2)

H Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) _____

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year 6

J Check if Schedules C and M-3 are attached ☒

Caution. Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

INCOME	1a Gross receipts or sales	821,672.	1c	821,672.
	b Less returns and allowances		2	798,664.
	2 Cost of goods sold (Schedule A, line 8)		3	23,008.
	3 Gross profit. Subtract line 2 from line 1c		4	
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)		5	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))		6	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)		7	
	7 Other income (loss) (attach statement)		8	23,008.
8 Total income (loss). Combine lines 3 through 7				
SEE INSTRUCTIONS FOR DEDUCTIONS	9 Salaries and wages (other than to partners) (less employment credits)		9	
	10 Guaranteed payments to partners		10	
	11 Repairs and maintenance		11	
	12 Bad debts		12	
	13 Rent		13	3,668.
	14 Taxes and licenses		14	100.
	15 Interest		15	61,458.
	16a Depreciation (if required, attach Form 4562)		16a	
	b Less depreciation reported on Schedule A and elsewhere on return		16b	
	16c		16c	
	17 Depletion (Do not deduct oil and gas depletion.)		17	
	18 Retirement plans, etc		18	
	19 Employee benefit programs		19	
	20 Other deductions (attach statement) *..STMT		20	94,919.
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20		21	160,145.	
22 Ordinary business income (loss). Subtract line 21 from line 8		22	-137,137.	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager _____ Date _____

May the IRS discuss this return with the preparer shown below (see instrs)? ☐ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature _____ Date _____ Check if self-employed ☐

Firm's name (or yours if self-employed), address, and ZIP code _____ EIN _____

Phone no. _____

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Schedule A Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	798,664.
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	798,664.
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	798,664.

9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost as described in Regulations section 1.471-3
(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
(iii) ☐ Other (specify method used and attach explanation) _____

b Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c) ☐ Yes ☐ No

c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐ Yes ☐ No

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☐ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If 'Yes,' attach explanation.

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:		Yes	No
a <input type="checkbox"/> Domestic general partnership	b <input type="checkbox"/> Domestic limited partnership		
c <input type="checkbox"/> Domestic limited liability company	d <input checked="" type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership	f <input type="checkbox"/> Other _____		
2 At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?		X	
3 At the end of the tax year:			
a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership			X
b Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership			X
4 At the end of the tax year, did the partnership:			
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv) below			X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (v) below ☐ Yes ☒ No

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

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	Yes	No
5 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		X
6 Does this partnership satisfy all four of the following conditions?		
a The partnership's total receipts for the tax year were less than \$250,000.		
b The partnership's total assets at the end of the tax year were less than \$1 million.		
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
d The partnership is not filing and is not required to file Schedule M-3		X
If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
8 During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		X
9 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
10 At any time during calendar year 2009, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If 'Yes,' enter the name of the foreign country. ▶		X
11 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		X
12a Is the partnership making, or had it previously made (and not revoked), a section 754 election?		X
See instructions for details regarding section 754 election.		
b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
13 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than entities wholly-owned by the partnership throughout the tax year)		<input type="checkbox"/>
14 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in a partnership property?		X
15 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
16 Does the partnership have any foreign partners? If 'Yes,' enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		X
17 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return		

Designation of Tax Matters Partner (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	Identifying number of TMP ▶
If the TMP is an entity, name of TMP representative ▶	Phone number of TMP ▶
Address of designated TMP ▶	

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Schedule K Partners' Distributive Share Items		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1 -137,137.
	2 Net rental real estate income (loss) (attach Form 8825)	2 10,542.
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach stmt)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Guaranteed payments	4
	5 Interest income	5 5,659.
	6 Dividends: a Ordinary dividends	6a
	b Qualified dividends	6b
	7 Royalties	7
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8
Deductions	9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a
	b Collectibles (28%) gain (loss)	9b
	c Unrecaptured section 1250 gain (attach statement)	9c
	10 Net section 1231 gain (loss) (attach Form 4797)	10
	11 Other income (loss) (see instructions) Type ▶	11
	12 Section 179 deduction (attach Form 4562)	12
	13a Contributions	13a
	b Investment interest expense	13b
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c (2)
	d Other deductions (see instructions) Type ▶	13d
	Self-Employment	14a Net earnings (loss) from self-employment
b Gross farming or fishing income		14b
c Gross nonfarm income		14c 23,008.
Credits	15a Low-income housing credit (section 42(j)(5))	15a
	b Low-income housing credit (other)	15b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c
	d Other rental real estate credits (see instructions) Type ▶	15d
	e Other rental credits (see instructions) Type ▶	15e
	f Other credits (see instructions) Type ▶	15f
Foreign Transactions	16a Name of country or U.S. possession ▶	
	b Gross income from all sources	16b
	c Gross income sourced at partner level	16c
	Foreign gross income sourced at partnership level	
	d Passive category ▶ e General category ▶ f Other ▶	16f
	Deductions allocated and apportioned at partner level	
	g Interest expense ▶ h Other ▶	16h
	Deductions allocated and apportioned at partnership level to foreign source income	
	i Passive category ▶ j General category ▶ k Other ▶	16k
	l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16l
	m Reduction in taxes available for credit (attach statement)	16m
Alternative Minimum Tax (AMT) Items	n Other foreign tax information (attach statement)	
	17a Post-1986 depreciation adjustment	17a 0.
	b Adjusted gain or loss	17b
	c Depletion (other than oil and gas)	17c
	d Oil, gas, and geothermal properties — gross income	17d
	e Oil, gas, and geothermal properties — deductions	17e
Other Information	f Other AMT items (attach stmt)	17f
	18a Tax-exempt interest income	18a
	b Other tax-exempt income	18b
	c Nondeductible expenses	18c 1,600.
	19a Distributions of cash and marketable securities	19a
	b Distributions of other property	19b
	20a Investment income	20a 5,659.
	b Investment expenses	20b
	c Other items and amounts (attach stmt)	

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Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16i						1	-120,936.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a General partners	-20,155.	-80,626.		-20,155.			
b Limited partners							

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1 Cash			391,059.		173,103.
2a Trade notes and accounts receivable				0.	
b Less allowance for bad debts					0.
3 Inventories					
4 U.S. government obligations					
5 Tax-exempt securities					
6 Other current assets (attach stmt) Ln. 6. Stmt			265,223.		42,000.
7 Mortgage and real estate loans					426,121.
8 Other investments (attach stmt)					
9a Buildings and other depreciable assets					
b Less accumulated depreciation					
10a Depletable assets					
b Less accumulated depletion					
11 Land (net of any amortization)			2,800,526.		
12a Intangible assets (amortizable only)		5,696.			
b Less accumulated amortization			5,696.		
13 Other assets (attach stmt) Ln. 13. Stmt			903,251.		17,256,037.
14 Total assets			4,365,755.		17,897,261.
Liabilities and Capital					
15 Accounts payable			489,000.		
16 Mortgages, notes, bonds payable in less than 1 year					
17 Other current liabilities (attach stmt)			66,915.		
18 All nonrecourse loans					
19 Mortgages, notes, bonds payable in 1 year or more			2,247,376.		13,749,418.
20 Other liabilities (attach stmt) Ln. 20. Stmt					2,707,914.
21 Partners' capital accounts			1,562,464.		1,439,929.
22 Total liabilities and capital			4,365,755.		17,897,261.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1 Net income (loss) per books	-122,535.	6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest .. \$	
3 Guaranteed prmts (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 13d, and 16i, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16i (itemize):		a Depreciation \$	
a Depreciation \$		8 Add lines 6 and 7	
b Travel and entertainment \$		9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	
5 Add lines 1 through 4			

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	1,562,464.	6 Distributions: a Cash	
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	-122,535.	8 Add lines 6 and 7	
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5	1,439,929.
5 Add lines 1 through 4	1,439,929.		

Form **8825**

(Rev. December 2006)

Department of the Treasury
Internal Revenue Service

Rental Real Estate Income and Expenses of a Partnership or an S Corporation

► See instructions.

► Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

Name

French Broad Place LLC

Employer identification number

75-3220628

1 Show the kind and location of each property. See page 2 to list additional properties.

A Condominium

29 W. French Broad Street, Brevard, NC

B

C

D

Rental Real Estate Income		Properties			
		A	B	C	D
2 Gross rents	2	95,270.			
Rental Real Estate Expenses					
3 Advertising	3				
4 Auto and travel	4				
5 Cleaning and maintenance	5				
6 Commissions	6				
7 Insurance	7				
8 Legal and other professional fees	8				
9 Interest	9	43,729.			
10 Repairs	10				
11 Taxes	11				
12 Utilities	12	5,368.			
13 Wages and salaries	13				
14 Depreciation (see instructions)	14	35,631.			
15 Other (list) ►	15				
16 Total expenses for each property. Add lines 3 through 15	16	84,728.			
17 Total gross rents. Add gross rents from line 2, columns A through H	17				95,270.
18 Total expenses. Add total expenses from line 16, columns A through H	18				-84,728.
19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	19				
20 a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	20 a				
b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:					
(1) Name		(2) Employer identification number			
21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:	21				10,542.
<ul style="list-style-type: none"> Form 1065 or 1120S: Schedule K, line 2, or Form 1065-B: Part I, line 4 					

BAA For Paperwork Reduction Act Notice, see the separate instructions.

Form 8825 (12-2006)

**SCHEDULE C
(Form 1065)**

Department of the Treasury
Internal Revenue Service

Additional Information for Schedule M-3 Filers

OMB No. 1545-0099

2009

► Attach to Form 1065. See separate instructions.

Name of partnership

French Broad Place LLC

Employer identification number

75-3220628

Yes	No
	X
	X
	X
	X
	X
	X
	X

- 1 At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8?
- 2 Do the amounts reported on Schedule M-3, Part II, lines 7 or 8, column (d), reflect allocations to this partnership from another partnership of income, gain, loss, deduction, or credit that are disproportionate to this partnership's share of capital in such partnership or its ratio for sharing other items of such partnership?
- 3 At any time during the tax year, did the partnership sell, exchange, or transfer any interest in an intangible asset to a related person as defined in sections 267(b) and 707(b)(1)?
- 4 At any time during the tax year, did the partnership acquire any interest in an intangible asset from a related person as defined in sections 267(b) and 707(b)(1)?
- 5 At any time during the tax year, did the partnership make any change in accounting principle for financial accounting purposes? See instructions for a definition of change in accounting principle
- 6 At any time during the tax year, did the partnership make any change in a method of accounting for U.S. income tax purposes?

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 1065.

Schedule C (Form 1065) 2009

SCHEDULE M-3
(Form 1065)

Department of the Treasury
Internal Revenue Service

**Net Income (Loss) Reconciliation
for Certain Partnerships**

► Attach to Form 1065 or Form 1065-B.
► See separate instructions.

OMB No. 1545-0099

2009

Name of partnership

French Broad Place LLC

Employer identification number

75-3220628

This Schedule M-3 is being filed because (check all that apply):

- A** ☒ The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
- B** ☐ The amount of the partnership's adjusted total assets for the year is equal to \$10 million or more. If box B is checked, enter the amount of adjusted total assets for the tax year _____.
- C** ☐ The amount of total receipts for the taxable year is equal to \$35 million or more. If box C is checked, enter the total receipts for the tax year _____.
- D** ☐ An entity that is a reportable entity partner with respect to the partnership owns or is deemed to own an interest of 50 percent or more in the partnership's capital, profit, or loss, on any day during the tax year of the partnership.

Name of Reportable Entity Partner	Identifying Number	Maximum Percentage Owned or Deemed Owned

E ☐ Voluntary Filer

Part I Financial Information and Net Income (Loss) Reconciliation

- 1 a** Did the partnership file SEC Form 10-K for its income statement period ending with or within this tax year?
☐ **Yes.** Skip lines 1b and 1c and complete lines 2 through 11 with respect to that SEC Form 10-K.
☒ **No.** Go to line 1b. See instructions if multiple non-tax basis income statements are prepared.
- b** Did the partnership prepare a certified audited non-tax-basis income statement for that period?
☐ **Yes.** Skip line 1c and complete lines 2 through 11 with respect to that income statement.
☒ **No.** Go to line 1c.
- c** Did the partnership prepare a non-tax-basis income statement for that period?
☐ **Yes.** Complete lines 2 through 11 with respect to that income statement.
☒ **No.** Skip lines 2 through 3b and enter the partnership's net income (loss) per its books and records on line 4a.
- 2** Enter the income statement period: Beginning _____ Ending _____
- 3 a** Has the partnership's income statement been restated for the income statement period on line 2?
☐ **Yes.** (If 'Yes', attach an explanation and the amount of each item restated.)
☐ **No.**
- b** Has the partnership's income statement been restated for any of the five income statement periods preceding the period on line 2?
☐ **Yes.** (If 'Yes', attach an explanation and the amount of each item restated.)
☐ **No.**

4 a Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4 a	-122,535.
b Indicate accounting standard used for line 4a (see instructions):		
1 <input checked="" type="checkbox"/> GAAP 2 <input type="checkbox"/> IFRS 3 <input type="checkbox"/> 704(b)		
4 <input type="checkbox"/> Tax-basis 5 <input type="checkbox"/> Other: (Specify) ►		
5 a Net income from nonincludible foreign entities (attach schedule)	5 a	
b Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount)	5 b	
6 a Net income from nonincludible U.S. entities (attach schedule)	6 a	
b Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount)	6 b	
7 a Net income (loss) of other foreign disregarded entities (attach schedule)	7 a	
b Net income (loss) of other U.S. disregarded entities (attach schedule)	7 b	
8 Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach schedule)	8	
9 Adjustment to reconcile income statement period to tax year (attach schedule)	9	
10 Other adjustments to reconcile to amount on line 11 (attach schedule)	10	
11 Net income (loss) per income statement of the partnership. Combine lines 4 through 10	11	-122,535.

Note. Part I, line 11, must equal the amount on Part II, line 26, column (a).

12 Enter the total amount (not just the partnership's share) of the assets and liabilities of all entities included or removed on the following lines:

	Total Assets	Total Liabilities
a Included on Part I, line 4	0.	0.
b Removed on Part I, line 5		
c Removed on Part I, line 6		
d Included on Part I, line 7		

BAA For Paperwork Reduction Act Notice, see the Instructions for your return.

Schedule M-3 (Form 1065) 2009

Schedule M-3 (Form 1065) 2009

Page 2

Name of partnership

French Broad Place LLC

Employer identification number

75-3220628

Part II Reconciliation of Net Income (Loss) per Income Statement of Partnership with Income (Loss) per Return

Income (Loss) Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
(Attach schedules for lines 1 through 9)				
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Gross foreign distributions previously taxed				
5 Income (loss) from equity method U.S. corporations				
6 U.S. dividends				
7 Income (loss) from U.S. partnerships				
8 Income (loss) from foreign partnerships				
9 Income (loss) from other pass-through entities				
10 Items relating to reportable transactions (attach details)				
11 Interest income (attach Form 8916-A)				
12 Total accrual to cash adjustment				
13 Hedging transactions				
14 Mark-to-market income (loss)				
15 Cost of goods sold (attach Form 8916-A)				
16 Sale versus lease (for sellers and/or lessors)				
17 Section 481(a) adjustments				
18 Unearned/deferred revenue				
19 Income recognition from long-term contracts				
20 Original issue discount and other imputed interest				
21 a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach details)				
g Other gain/loss on disposition of assets other than inventory				
22 Other income (loss) items with differences (attach schedule)				
23 Total income (loss) items. Combine lines 1 through 22				
24 Total expense/deduction items. (from Part III, line 30) (see instructions)			1,600.	
25 Other items with no differences				
26 Reconciliation totals. Combine lines 23 through 25	-122,535.		1,600.	-120,935.

Note. Line 26, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1065, page 5, Analysis of Net Income (Loss), line 1.

BAA

Schedule M-3 (Form 1065) 2009

Schedule M-3 (Form 1065) 2009

Page 3

Name of partnership

French Broad Place LLC

Employer identification number

75-3220628

Part III Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return — Expense/Deduction Items

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 State and local current income tax expense ..				
2 State and local deferred income tax expense ..				
3 Foreign current income tax expense (other than foreign withholding taxes)				
4 Foreign deferred income tax expense				
5 Equity-based compensation				
6 Meals and entertainment			-1,600.	
7 Fines and penalties				
8 Judgments, damages, awards, and similar costs				
9 Guaranteed payments				
10 Pension and profit-sharing				
11 Other post-retirement benefits				
12 Deferred compensation				
13 Charitable contribution of cash and tangible property				
14 Charitable contribution of intangible property ..				
15 Organizational expenses as per Regulations section 1.709-2(a)				
16 Syndication expenses as per Regulations section 1.709-2(b)				
17 Current year acquisition/reorganization investment banking fees				
18 Current year acquisition/reorganization legal and accounting fees				
19 Amortization/impairment of goodwill				
20 Amortization of acquisition, reorganization, and start-up costs				
21 Other amortization or impairment write-offs ..				
22 Section 198 environmental remediation costs ..				
23a Depletion — Oil & Gas				
b Depletion — Other than Oil & Gas				
24 Intangible drilling & development costs				
25 Depreciation				
26 Bad debt expense				
27 Interest expense (attach Form 8916-A)				
28 Purchase versus lease (for purchasers and/or lessees)				
29 Other expense/deduction items with differences (attach schedule)				
30 Total expense/deduction items. Combine lines 1 through 29. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive			-1,600.	

Schedule M-3 (Form 1065) 2009

Form **4562**Department of the Treasury
Internal Revenue Service (99)**Depreciation and Amortization**
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2009Attachment
Sequence No. **67**

Name(s) shown on return

French Broad Place LLC

Identifying number

75-3220628

Business or activity to which this form relates

Form 8825 Condominium

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$250,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	\$800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2009	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B — Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property	03/09	603,500.	39 yrs	MM	S/L	12,251.
	Various	1,597,100.	39.0yrs	MM	S/L	23,380.

Section C — Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	35,631.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDZ0812 07/07/09

Form **4562** (2009)

Form 4562 (2009) French Broad Place LLC

75-3220628

Page 2

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.**Section A – Depreciation and Other Information** (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No									24b If 'Yes,' is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost		
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25			
26 Property used more than 50% in a qualified business use:										
27 Property used 50% or less in a qualified business use:										
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28			
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29			

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?						
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2009 tax year (see instructions):					
43 Amortization of costs that began before your 2009 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

651109

Schedule K-1
(Form 1065)

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax

year beginning _____, 2009
ending _____, 2009

Partner's Share of Income, Deductions, Credits, etc.
▶ See separate instructions.

Part I Information About the Partnership									
A Partnership's employer identification number 75-3220628									
B Partnership's name, address, city, state, and ZIP code French Broad Place LLC PO Box 1910 Brevard, NC 28712									
C IRS Center where partnership filed return Ogden, UT									
D <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)									
Part II Information About the Partner									
E Partner's identifying number 244-53-2890									
F Partner's name, address, city, state, and ZIP code Josh Burdette 156 Setsi Ln. Brevard, NC 28712									
G <input checked="" type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member									
H <input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner									
I What type of entity is this partner? <u>Partnership</u>									
J Partner's share of profit, loss, and capital (see instructions): <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Beginning</th> <th style="text-align: left; border-bottom: 1px solid black;">Ending</th> </tr> </thead> <tbody> <tr> <td>Profit 16.66700 %</td> <td>16.66700 %</td> </tr> <tr> <td>Loss 16.66700 %</td> <td>16.66700 %</td> </tr> <tr> <td>Capital 16.66700 %</td> <td>16.66700 %</td> </tr> </tbody> </table>	Beginning	Ending	Profit 16.66700 %	16.66700 %	Loss 16.66700 %	16.66700 %	Capital 16.66700 %	16.66700 %	
Beginning	Ending								
Profit 16.66700 %	16.66700 %								
Loss 16.66700 %	16.66700 %								
Capital 16.66700 %	16.66700 %								
K Partner's share of liabilities at year end: Nonrecourse \$ Qualified nonrecourse financing \$ 2,291,614. Recourse \$ 451,328.									
L Partner's capital account analysis: Beginning capital account \$ 215,024. Capital contributed during the year \$ Current year increase (decrease) \$ -20,422. Withdrawals and distributions \$ Ending capital account \$ 194,602.									
<input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book <input type="checkbox"/> Other (explain)									
M Did the partner contribute property with a built-in gain or loss? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes', attach statement (see instructions)									

<input type="checkbox"/> Final K-1 <input type="checkbox"/> Amended K-1	
Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items	
1 Ordinary business income (loss) -22,856.	15 Credits
2 Net rental real estate income (loss) 1,757.	
3 Other net rental income (loss)	16 Foreign transactions
4 Guaranteed payments	
5 Interest income 944.	
6a Ordinary dividends	
6b Qualified dividends	
7 Royalties	
8 Net short-term capital gain (loss)	
9a Net long-term capital gain (loss)	17 Alternative minimum tax (AMT) items A 0.
9b Collectibles (28%) gain (loss)	
9c Unrecaptured section 1250 gain	
10 Net section 1231 gain (loss)	18 Tax-exempt income and nondeductible expenses
11 Other income (loss)	C 265.
12 Section 179 deduction	19 Distributions
13 Other deductions	20 Other information A 944.
14 Self-employment earnings (loss) A -22,856.	
C 3,833.	
*See attached statement for additional information.	
FOR IRS USE ONLY	

651109

Schedule K-1
(Form 1065)

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax

year beginning _____, 2009

ending _____, 2009

Partner's Share of Income, Deductions, Credits, etc.

► See separate instructions.

Part I Information About the Partnership

- A** Partnership's employer identification number
75-3220628
- B** Partnership's name, address, city, state, and ZIP code
French Broad Place LLC
PO Box 1910
Brevard, NC 28712
- C** IRS Center where partnership filed return
Ogden, UT
- D** ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

- E** Partner's identifying number
589-01-6319
- F** Partner's name, address, city, state, and ZIP code
Scott Latell
477 Qualla Cr
Brevard, NC 28712
- G** ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member
- H** ☒ Domestic partner ☐ Foreign partner
- I** What type of entity is this partner? Individual
- J** Partner's share of profit, loss, and capital (see instructions):
- | | Beginning | Ending |
|---------|------------|------------|
| Profit | 16.66700 % | 16.66700 % |
| Loss | 16.66700 % | 16.66700 % |
| Capital | 16.66700 % | 16.66700 % |
- K** Partner's share of liabilities at year end:
- | | | |
|---------------------------------|----|------------|
| Nonrecourse | \$ | |
| Qualified nonrecourse financing | \$ | 2,291,616. |
| Recourse | \$ | 451,328. |
- L** Partner's capital account analysis:
- | | | |
|-------------------------------------|----|----------|
| Beginning capital account | \$ | 215,026. |
| Capital contributed during the year | \$ | |
| Current year increase (decrease) | \$ | -20,423. |
| Withdrawals and distributions | \$ | |
| Ending capital account | \$ | 194,603. |
- ☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)
- M** Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes", attach statement (see instructions)

☐ Final K-1

☐ Amended K-1

OMB No. 1545-0099

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	-22,857.		
2	Net rental real estate income (loss)		
	1,757.		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	943.		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	0.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C	267.
12	Section 179 deduction		
13	Other deductions		
		19	Distributions
		20	Other information
		A	943.
14	Self-employment earnings (loss)		
A	-22,857.		
C	3,835.		

*See attached statement for additional information.

FOR USE ONLY

651109

Schedule K-1
(Form 1065)

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning _____, 2009
ending _____.

Partner's Share of Income, Deductions, Credits, etc.
▶ See separate instructions.

☐ Final K-1

☐ Amended K-1

OMB No. 1545-0099

Part I Information About the Partnership

- A** Partnership's employer identification number
75-3220628
- B** Partnership's name, address, city, state, and ZIP code
French Broad Place LLC
PO Box 1910
Brevard, NC 28712
- C** IRS Center where partnership filed return
Ogden, UT
- D** ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

- E** Partner's identifying number
292-28-8858
- F** Partner's name, address, city, state, and ZIP code
Frank Latell
PO Box 1910
Brevard, NC 28712
- G** ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member
- H** ☒ Domestic partner ☐ Foreign partner
- I** What type of entity is this partner? Individual
- J** Partner's share of profit, loss, and capital (see instructions):
- | | Beginning | Ending |
|---------|------------|------------|
| Profit | 16.66700 % | 16.66700 % |
| Loss | 16.66700 % | 16.66700 % |
| Capital | 16.66700 % | 16.66700 % |
- K** Partner's share of liabilities at year end:
- | | | |
|---------------------------------|----|------------|
| Nonrecourse | \$ | |
| Qualified nonrecourse financing | \$ | 2,291,616. |
| Recourse | \$ | 451,328. |
- L** Partner's capital account analysis:
- | | | |
|-------------------------------------|----|----------|
| Beginning capital account | \$ | 215,026. |
| Capital contributed during the year | \$ | |
| Current year increase (decrease) | \$ | -20,423. |
| Withdrawals and distributions | \$ | |
| Ending capital account | \$ | 194,603. |
- ☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)
- M** Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes", attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	-22,857.		
2	Net rental real estate income (loss)		
	1,757.		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	943.		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	0.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
		C	267.
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
		20	Other information
		A	943.
14	Self-employment earnings (loss)		
	A		-22,857.
	C		3,835.

*See attached statement for additional information.

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651109

Schedule K-1
(Form 1065)**2009**Department of the Treasury
Internal Revenue ServiceFor calendar year 2009, or tax
year beginning _____, 2009
ending _____.**Partner's Share of Income, Deductions,
Credits, etc.**

▶ See separate instructions.

Part I Information About the Partnership

- A** Partnership's employer identification number
75-3220628
- B** Partnership's name, address, city, state, and ZIP code
French Broad Place LLC
PO Box 1910
Brevard, NC 28712
- C** IRS Center where partnership filed return
Ogden, UT
- D** ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

- E** Partner's identifying number
242-80-6534
- F** Partner's name, address, city, state, and ZIP code
Ed Burdette
PO Box 1910
Brevard, NC 28712
- G** ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member
- H** ☒ Domestic partner ☐ Foreign partner
- I** What type of entity is this partner? Individual
- J** Partner's share of profit, loss, and capital (see instructions):
- | | Beginning | Ending |
|---------|------------|------------|
| Profit | 16.66700 % | 16.66700 % |
| Loss | 16.66700 % | 16.66700 % |
| Capital | 16.66700 % | 16.66700 % |
- K** Partner's share of liabilities at year end:
- | | | |
|---------------------------------|----|------------|
| Nonrecourse | \$ | |
| Qualified nonrecourse financing | \$ | 2,291,616. |
| Recourse | \$ | 451,328. |
- L** Partner's capital account analysis:
- | | | |
|-------------------------------------|----|----------|
| Beginning capital account | \$ | 215,026. |
| Capital contributed during the year | \$ | |
| Current year increase (decrease) | \$ | -20,423. |
| Withdrawals and distributions | \$ | |
| Ending capital account | \$ | 194,603. |
- ☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)
- M** Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If 'Yes', attach statement (see instructions)

☐ Final K-1☐ Amended K-1

OMB No. 1545-0099

**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits
	-22,857.		
2	Net rental real estate income (loss)		
	1,757.		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	943.		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	0.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C	267.
12	Section 179 deduction	19	Distributions
13	Other deductions	20	Other information
		A	943.
14	Self-employment earnings (loss)		
A	-22,857.		
C	3,835.		

*See attached statement for additional information.

FOR
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651109

Schedule K-1
(Form 1065)

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax

year beginning _____, 2009
ending _____, 2009

Partner's Share of Income, Deductions, Credits, etc.
▶ See separate instructions.

Part I Information About the Partnership													
A Partnership's employer identification number 75-3220628													
B Partnership's name, address, city, state, and ZIP code French Broad Place LLC PO Box 1910 Brevard, NC 28712													
C IRS Center where partnership filed return Ogden, UT													
D <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)													
Part II Information About the Partner													
E Partner's identifying number 589-01-6320													
F Partner's name, address, city, state, and ZIP code Mark D Latell 136 S. Setsi Lane. Brevard, NC 28712													
G <input checked="" type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member													
H <input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner													
I What type of entity is this partner? <u>Corporation</u>													
J Partner's share of profit, loss, and capital (see instructions): <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Beginning</th> <th style="text-align: center;">Ending</th> </tr> </thead> <tbody> <tr> <td>Profit</td> <td style="text-align: right;">16.66600 %</td> <td style="text-align: right;">16.66600 %</td> </tr> <tr> <td>Loss</td> <td style="text-align: right;">16.66600 %</td> <td style="text-align: right;">16.66600 %</td> </tr> <tr> <td>Capital</td> <td style="text-align: right;">16.66600 %</td> <td style="text-align: right;">16.66600 %</td> </tr> </tbody> </table>		Beginning	Ending	Profit	16.66600 %	16.66600 %	Loss	16.66600 %	16.66600 %	Capital	16.66600 %	16.66600 %	
	Beginning	Ending											
Profit	16.66600 %	16.66600 %											
Loss	16.66600 %	16.66600 %											
Capital	16.66600 %	16.66600 %											
K Partner's share of liabilities at year end: Nonrecourse \$ Qualified nonrecourse financing \$ 2,291,478. Recourse \$ 451,301.													
L Partner's capital account analysis: Beginning capital account \$ 215,026. Capital contributed during the year \$ Current year increase (decrease) \$ -20,422. Withdrawals and distributions \$ Ending capital account \$ 194,604. <input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book <input type="checkbox"/> Other (explain)													
M Did the partner contribute property with a built-in gain or loss? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes", attach statement (see instructions)													

<input type="checkbox"/> Final K-1 <input type="checkbox"/> Amended K-1	
Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items	
1 Ordinary business income (loss) -22,855.	15 Credits
2 Net rental real estate income (loss) 1,757.	
3 Other net rental income (loss)	16 Foreign transactions
4 Guaranteed payments	
5 Interest income 943.	
6a Ordinary dividends	
6b Qualified dividends	
7 Royalties	
8 Net short-term capital gain (loss)	
9a Net long-term capital gain (loss)	17 Alternative minimum tax (AMT) items A 0.
9b Collectibles (28%) gain (loss)	
9c Unrecaptured section 1250 gain	
10 Net section 1231 gain (loss)	18 Tax-exempt income and nondeductible expenses C 267.
11 Other income (loss)	
12 Section 179 deduction	19 Distributions
13 Other deductions	20 Other information A 943.
14 Self-employment earnings (loss)	
*See attached statement for additional information.	
FOR IRS USE ONLY	

651109

Schedule K-1
(Form 1065)

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning _____, 2009
ending _____, 2009

Partner's Share of Income, Deductions, Credits, etc.
▶ See separate instructions.

☐ Final K-1

☐ Amended K-1

OMB No. 1545-0099

Part I Information About the Partnership	
A Partnership's employer identification number	75-3220628
B Partnership's name, address, city, state, and ZIP code	French Broad Place LLC PO Box 1910 Brevard, NC 28712
C IRS Center where partnership filed return	Ogden, UT
D <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)	
Part II Information About the Partner	
E Partner's identifying number	047-62-7532
F Partner's name, address, city, state, and ZIP code	Scott Stafstrom 1328 Crown Isle Cr. Apopka, FL 32712
G <input checked="" type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member	
H <input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner	
I What type of entity is this partner? <u>Individual</u>	
J Partner's share of profit, loss, and capital (see instructions):	
Beginning	Ending
Profit 16.66600 %	16.66600 %
Loss 16.66600 %	16.66600 %
Capital 16.66600 %	16.66600 %
K Partner's share of liabilities at year end:	
Nonrecourse	\$
Qualified nonrecourse financing	\$ 2,291,478.
Recourse	\$ 451,301.
L Partner's capital account analysis:	
Beginning capital account	\$ 184,832.
Capital contributed during the year	\$
Current year increase (decrease)	\$ -20,422.
Withdrawals and distributions	\$
Ending capital account	\$ 164,410.
<input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book	
<input type="checkbox"/> Other (explain)	
M Did the partner contribute property with a built-in gain or loss?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If 'Yes', attach statement (see instructions)	

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items	
1 Ordinary business income (loss)	15 Credits
-22,855.	
2 Net rental real estate income (loss)	
1,757.	
3 Other net rental income (loss)	16 Foreign transactions
4 Guaranteed payments	
5 Interest income	
943.	
6a Ordinary dividends	
6b Qualified dividends	
7 Royalties	
8 Net short-term capital gain (loss)	
9a Net long-term capital gain (loss)	17 Alternative minimum tax (AMT) items
	A 0.
9b Collectibles (28%) gain (loss)	
9c Unrecaptured section 1250 gain	
10 Net section 1231 gain (loss)	18 Tax-exempt income and nondeductible expenses
11 Other income (loss)	C 267.
12 Section 179 deduction	19 Distributions
13 Other deductions	
	20 Other information
	A 943.
14 Self-employment earnings (loss)	
A -22,855.	
C 3,835.	

*See attached statement for additional information.

FOR USE ONLY

French Broad Place LLC 75-3220628

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Form 1065, Line 20

Other deductions

Advertising	5,311.
Bank charges	109.
Commissions	6,623.
Delivery and freight	141.
Legal and professional	53,221.
Meals and entertainment (50%)	1,600.
Office expense	2,342.
Printing	4,506.
Telephone	2,237.
Travel	547.
Utilities	12,405.
Closing Cost	5,877.
Total	94,919.

Form 1065, Schedule L, Line 6

Other Current Assets

Other Current Assets:	Beginning of tax year	End of tax year
Option Fee		42,000.
Total		42,000.

Form 1065, Schedule L, Line 13

Other Assets

Other Assets:	Beginning of tax year	End of tax year
Sales Deposits		648,148.
Street Completion Escrow		38,750.
Work in Progress		13,799,139.
Land Investments		2,770,000.
Total		17,256,037.

Form 1065, Schedule L, Line 20

Other Liabilities

Other Liabilities:	Beginning of tax year	End of tax year
Renters Deposits		51,087.
Sales Deposits		648,148.
Mark Latell - Loan		645,206.
Partner Loan		1,363,473.
Total		2,707,914.